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TREASURY FOR OFFICE OF AFRICAN AFFAIRS (ALEX SEVERENS)

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SUBJECT: FINANCE MINISTER ON REFORM: EITI ONLY A FIRST STEP

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11. (SBU) Summary: CDA met October 24 with Minister of Finance Ngozi Okonjo-Iweala, to discuss the Extractive Industries Transparency Initiative (EITI) and her upcoming trip to the U.S. Okonjo-Iweala stressed that the GON sees EITI as just one step of many that must be taken to bring about full GON transparency. She displayed a recently compiled matrix of steps the GON plans to take, saying that it was in large part a response to legitimate criticism that the GON did not have concrete measures specified in its reform plan. She asked that we consider how we might provide political support to the reformers. Technical assistance, she said, is nice, but she needed more concrete support. End summary.

Okonjo-Iweala: Concrete reform proposals to be presented  
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12. (SBU) Okonjo-Iweala will travel to Washington and New York beginning October 25 for a series of meetings with multilateral and private organizations. She said that she initially had no plans to meet with USG officials. "We have moved forward," she said, "since Dubai." She showed CDA a recently completed matrix of planned reform measures, which she said she may show U/S Larson and others in the U.S. She said the best way to convince a skeptical world of the GON's determination to achieve government transparency is to show them the plan and then produce the results.

Okonjo-Iweala: Concrete U.S. political support needed  
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13. (SBU) Okonjo-Iweala is still prickly about what she considered U.S. hesitation about her reform plans, which she said she sensed in Dubai in September. She also remains miffed that her planned meeting in Dubai with Treasury Secretary Snow fell through.

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14. (SBU) While acknowledging that the foreign skepticism is born of experience with Nigeria, she said that the U.S. would be of great assistance if it would provide some concrete political support. The technical assistance the U.S. and others can provide is useful, she said, but what she really needs is for the U.S. and others to promise certain concrete responses in return for concrete Nigerian reform steps.

15. (SBU) Okonjo-Iweala repeated her usual complaint that the USG had two years ago raised hopes that a debt swap could be arranged, then backed away. (Comment: She understands the difficulties in the debt swap, and we suspect her complaint is, at least in part, simply a way of convincing us to more seriously entertain her pleas for other forms of assistance. End comment.)

Okonjo-Iweala: EITI part of a broader plan  
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16. (SBU) Okonjo-Iweala said that EITI is only one step, of many, toward full GON transparency. She stressed that the GON was not signing up to a British plan any more than it was signing up to a U.S. plan. Rather, the GON had its own plan, which includes ambitious goals and a broad range of specific and general steps to get there. The Ministry of Finance, she said, is in control of the reform agenda now, and she has the full support of President Obasanjo.

17. (SBU) Obasanjo, she said, is fully committed to the reform agenda. As an example of Obasanjo's commitment, she pointed to the recent debate over deregulation of the downstream sector of the oil and gas industry. Obasanjo, she said, had fully adopted her policy recommendations and had put the policy into effect in ways he felt most politically effective. She said that outsiders may be a bit confused by all the political maneuvering, but downstream deregulation is now an accomplished fact.

18. (SBU) She complained mildly that Nigeria had not been recognized in the international press or by foreign governments for having accomplished downstream deregulation. Ambassador responded that there is some lingering confusion about exactly what has happened. (Note: Okonjo-Iweala also mentioned in a recent meeting with Econoff that a unit had been formed within the Ministry of Finance to monitor all oil and gas industry payments to the GON. End note.)

Comment: Political support is necessary  
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19. (SBU) There is a consensus view among IFI, diplomatic, Nigerian and independent observers that Okonjo-Iweala is knowledgeable and strongly committed to genuine reform. She and the new economic team represent the best chance that Nigeria has had for years for some real movement forward. The question is whether the necessary political backing is there for her to realize essential parts of her program. She will continue to push for more than she probably expects to get. That is her style. Looking past that, we see in her a new and effective advocate of change, who ought to receive whatever support we can give. This trip is a chance to make clear that we have heard her. Providing rhetorical support is good, but that will not go too far with the very direct and down-to-earth Okonjo-Iweala. Better and more effective will be whatever can be identified in the way of concrete USG support for measurable GON progress in the area of transparency and other reforms.  
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